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January 29, 2003

Ms. Jennifer J. Johnson
Secretary, Board of Governors
Federal Reserve System
20th and Constitution Ave NW
Washington, D.C. 20551

RE: Regulation Z - Rocket No. R-1167
Regulation B - Docket No. R-1168
Regulation DD - Docket No. R-1171
Regulation E - Docket No. R-1169

Dear Ms. Johnson,

The proposed **changes** to the **above regulations** would make **the** form of disclosures consistent **among** the consumer protection regulations. **It adopts** the language "clear and conspicuous," along with examples **that** are consistent **with** what is currently contained in Regulation P. **The purpose of the changes** according to the **Board** is to create consistency and **ensure** that consumers are **receiving disclosures** that **are** noticeable and understandable. And while Century **Bank** would normally commend the **Board** in its effort to create consistency **among the regulations**, this particular **proposal is** in places much **to** subjective **and** would create a **costly** compliance burden.

Century Bank of the Ozarks has **the** following issues with the **proposal**:

- 1) The Board **does** not offer **any** evidence at all that **the** current disclosures are unsatisfactory. **In general**, the banking **industry** appreciates consistency among **the** regulations but in **this** case it **has** not be justified **and would** not be workable. The Board has not given any **specific** reasons **why** or **where** the current disclosures are confusing or unclear. If there **are** such examples **they** need to be **specifically** identified so they can **be addressed**,
- 2) For Regulation Z the **new** requirement that disclosures be "reasonably understandable," is **new** and **goes** beyond **the** current requirement **that the** disclosures **be** noticeable. The **new** requirement is unclear **and** will **open** the door for lawsuits that will attempt to define "reasonably understandable."
- 3) It is also unclear **how** to **apply the examples given to other types of** disclosures,




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- 4) The proposals will impose an expensive regulatory burden because it will force banks to scrutinize every disclosure under the affected regulations (B, E, M, Z, and DD). All disclosures will have to be examined for mechanics such as font size, spacing, margins, and bullet points. Their "understandability" will also need to be analyzed. The subjectivity of this requirement will undoubtedly cause lawsuits. Even if the bank wins a lawsuit the costs of such litigation would be expensive. The bank will also have to incur the cost of redrafting and reproducing all of these disclosures. The required adjustments may drastically lengthen the disclosures, which will be costly as well.
- 5) Lengthened disclosures will most likely be less helpful and more confusing to consumers. The consumer will be less likely to review them.

For the reasons explained above Century Bank of the Ozarks is opposed to the proposed changes to the consumer protections regulations. Century Bank has an asset size of 149 million dollars. We are located in rural Ozark County, Missouri. The compliance burden and costs that the proposed changes would impose on our institution would be huge. We urge the Board to reconsider the impact these changes would have to all banks.

Thank you for the opportunity to comment on the proposal.



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